

Message Text

CONFIDENTIAL

PAGE 01 GENEVA 01867 01 OF 02 111941Z

ACTION EB-08

INFO OCT-01 ISO-00 IO-13 OIC-02 AF-08 ARA-06 EA-07 EUR-12

NEA-10 L-03 FRB-03 OMB-01 ITC-01 SP-02 USIA-06

AGRE-00 AID-05 CIAE-00 COME-00 INR-07 LAB-04 NSAE-00

SIL-01 STR-04 TRSE-00 CEA-01 /105 W

-----112002Z 129707 /46

P 111834Z MAR 77

FM USMISSION GENEVA

TO SECSTATE WASHDC PRIORITY 5883

C O N F I D E N T I A L SECTION 1 OF 2 GENEVA 1867

E.O. 11652: GDS

TAGS: UNCTAD, EGEN

SUBJECT: UN NEGOTIATING CONFERENCE ON A COMMON FUND: GROUP B
DISCUSSION ON CONFERENCE STRATEGY

1. SUMMARY: MARCH 10 GROUP B (DEVELOPED COUNTRIES)
MEETING OF HEADS OF DELEGATION CONCENTRATED ON EXCHANGE
OF VIEWS ON STRATEGY TO BE FOLLOWED DURING CURRENT
COMMON FUND MEETING IN THE LIGHT OF THE POSITION OF
THE INDIVIDUAL COUNTRIES, WITH U.S. IN MIDDLE OF SPECTRUM
ON BOTH POSITION AND TACTICS U.S. REP (BOSWORTH) HAD A
PRIOR CONVERSATION WITH EUROPEAN COMMUNITY REP
(STEELE - U.K.) WHICH CONFIRMED THAT E.C. INTENTIONS
AND AIMS FOR THE CONFERENCE ARE QUITE SIMILAR TO OUR
OWN AND IN WHICH IT WAS AGREED TO CONTINUE TO COORDINATE
OUR ACTIONS CLOSELY. END SUMMARY.

2. BOSWORTH (US) OPENED GROUP B DISCUSSION MARCH 10
BY NOTING THAT U.S. INTENDED TO MAKE A FAIRLY POSITIVE-
SOUNDING STATEMENT IN PLENARY LATER IN THE DAY. OUR
WILLINGNESS TO LOOK AT ASPECTS AND OPTIONS ON A
COMMON FUND, HOWEVER, DID NOT INDICATE THAT THE U.S.
WAS PREPARED TO COME DOWN WITH A FIRM POSITION ON A
FUND DURING THE CURRENT MEETING. INDEED, IT WAS OUR
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 GENEVA 01867 01 OF 02 111941Z

VIEW THAT THE CONFERENCE SHOULD END WITHOUT ANY
POSITIVE SIGNALS ON A FUND BEING GIVEN. WE SHOULD
INSTEAD AGREE ON AN ONGOING PROGRAM OF WORK WHICH
WOULD ALLOW US TO EXAMINE DETAILS OF A FUND, BUT
NEITHER COMMIT US TO A FUND NOR TO ANY PARTICULAR
VERSION OF A FUND. THE U.S. CONSIDERED THAT THE WORK
OF THE CURRENT CONFERENCE COULD BE DIVIDED INTO TWO

PHASES: (1) CONTINUATION OF THE INTERROGATORY APPROACH ON THE G-77/UNCTAD PROPOSAL FOR A COMMON FUND; AND (2) EXAMINATION OF THE VARIOUS ALTERNATIVES FOR A COMMON FUND, WITHOUT ANY DEGREE OF COMMITMENT TO A PARTICULAR OPTION. TO SOME DEGREE, THE TWO PHASES WOULD MERGE, DEPENDING UPON THE ASPECT OF THE FUND UNDER CONSIDERATION. THE END RESULT OF THE CONFERENCE UNDER THIS SCENARIO WOULD BE INCONCLUSIVE ALTHOUGH SOME NARROWING OF OPTIONS MIGHT BE POSSIBLE.

3. NORWEGIAN DELEGATE NOTED THAT HE WAS AT THE OPPOSITE END OF THE SCALE FROM THE U.S. HE THOUGHT IT WAS ABSOLUTELY ESSENTIAL THAT SOME POSITIVE SIGNAL BE GIVEN AT THE END OF THE CONFERENCE TO INDICATE THAT PROGRESS HAD TAKEN PLACE, ALTHOUGH HE WAS UNCERTAIN ABOUT WHAT FORM THIS SIGNAL MIGHT TAKE. THE ABSENCE OF SUCH A SIGNAL COULD PROVOKE A MAJOR EXPLOSION, FINNISH DELEGATE ADDED THAT THIS IN TURN COULD HAVE MAJOR REPERCUSSIONS FOR THE CIEC. SWEDISH REP WAS MORE CAUTIOUS, SIMPLY NOTING THAT IF U.S. VIEW WAS ADOPTED BY THE GROUP, THIS SHOULD BE CLOSELY HELD WITHIN GROUP B FOR THE TIME BEING.

4. CANADIAN REP (HILTON) SAID THAT HE THOUGHT CANADA REPRESENTED THE OPPOSITE END OF THE SPECTRUM FROM THE NORWEGIANS, NOT THE U.S. HIS GOVERNMENT WAS NOT YET READY TO SAY THAT IT HAD NO A PRIORI OBJECTIONS TO A FUND, SINCE THEY CONTINUED TO PREFER THAT THE ISSUE OF ADEQUATE FINANCING OF BUFFER STOCKS BE ADDRESSED
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 GENEVA 01867 01 OF 02 111941Z

THROUGH INDIVIDUAL AGREEMENTS BY A COMMITMENT BY BOTH EXPORTERS AND IMPORTERS TO FINANCE THEM. HE AGREED WITH THE U.S. REP'S CONCLUSIONS ABOUT HOW THE CURRENT MEETING MIGHT END; THERE WAS NO OBLIGATION ON THE PART OF GROUP B TO COME UP WITH QUICK ACTION ON THE G-77 PROPOSAL FOR A FUND. A PROPER AND POSITIVE SIGNAL AT THE END OF THE MEETING MIGHT BE SIMPLY AN AGREED FUTURE WORK PROGRAM ON FUND ISSUES. AUSTRALIAN REP (TEESE) TOLD US PRIVATELY AFTER MEETING THAT HIS GOVERNMENT'S POSITION WAS SIMILAR TO THAT OF CANADA.

5. EC REP (STEELE) SAID HE AGREED WITH US REP'S REMARKS ON HOW TO PROCEED DURING CURRENT CONFERENCE. WE SHOULD AGREE ON WHAT WE ARE PREPARED TO REJECT (I.E., THE UNCTAD PROPOSAL FOR A FUND AS A CENTRAL SOURCE OF FINANCE), BUT NOT ATTEMPT TO REACH AGREEMENT ON ANY PARTICULAR OPTION. IN THIS CONNECTION IT MIGHT BE POSSIBLE TO CONVERT THE SECRETARIAT PAPER ON ELEMENTS OF A FUND PREPARED FOR THE CURRENT MEETING

(COPY ALREADY IN DEPARTMENT) INTO AN OPTIONS PAPER TO
SERVE AS A BASIS FOR DISCUSSION. FURTHERMORE, GROUP
B NOW HAD EITHER COMPLETED OR HAD IN PREPARATION A SERIES
OF PAPERS SUBJECTING VARIOUS ASPECTS OF UNCTAD'S
VERSION OF A FUND TO THOROUGH AND CRITICAL SCRUTINY;
IT MIGHT BE POSSIBLE TO CONVERT THESE INTO A BASIS
FOR GROUP B PRESENTATIONS AS THE MEETING PROGRESSED,
AND SUBMIT THEM FOR USE AS DISCUSSIONS PAPERS.

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 GENEVA 01867 02 OF 02 111949Z
ACTION EB-08

INFO OCT-01 ISO-00 IO-13 OIC-02 AF-08 ARA-06 EA-07 EUR-12
NEA-10 L-03 FRB-03 OMB-01 ITC-01 SP-02 USIA-06
AGRE-00 AID-05 CIAE-00 COME-00 INR-07 LAB-04 NSAE-00
SIL-01 STR-04 TRSE-00 CEA-01 /105 W
-----112001Z 129843 /46

P 111834Z MAR 77
FM USMISSION GENEVA
TO SECSTATE WASHDC PRIORITY 5884

C O N F I D E N T I A L SECTION 2 OF 2 GENEVA 1867

6. DISCUSSION THEN FOCUSED ON POSSIBLE SUBJECTS
WHICH MIGHT BE TAKEN UP IN EARLY MEETINGS WITH THE G-
77. MOST AGREED THAT GROUP B WAS IN A GOOD POSITION
TO POSSIBLY DEVELOP A DISCUSSION PAPER ON THE OTHER
MEASURES (E.E., NON-BUFFER STOCK MEASURES) MENTIONED
IN THE UNCTAD PROPOSAL, WHICH WOULD POINT OUT EXISTING
ARRANGEMENTS AND ASK FURTHER SEARCHING QUESTIONS
ABOUT G-77 SPECIFIC IDEAS. IT WAS ALSO FELT THAT
GROUP B MIGHT BE ABLE TO SUBJECT UNCTAD'S ESTIMATES
OF THE FINANCIAL REQUIREMENTS FOR A FUND AND ITS
SYSTEM FOR OBTAINING THE FINANCE REQUIRED (\$6 BILLION)
TO FURTHER SCRUTINY, PROVIDED THAT IT WAS CLEAR THAT
IN OUR VIEW SUCH ESTIMATES WERE IN FACT ONLY ESTIMATES
AND THAT USEFUL FIGURES COULD ONLY BE THOSE ARRIVED
AT BY PRODUCERS AND CONSUMERS IN THE INDIVIDUAL
COMMODITY FORUMS. STEELE AND CANADIANS HAD SOME
DOUBTS ABOUT PROCEEDINGS EVEN ON THIS LIMITED BASIS
ON THIS LATER SUBJECT, HOWEVER, AND THIS WILL REQUIRE
FURTHER DISCUSSION. IT WAS ALSO AGREED THAT GROUP B
SHOULD FURTHER CONSIDER TABLING, WITHOUT COMMITMENT,
A GENERAL OPTIONS PAPER ON MODES OF OPERATION OF A

FUND WHEN WE HAD REACHED THAT STAGE OF THE EXERCISE.
THIS COULD BE BASED ON THE GROUP B OPTIONS PAPER
ALREADY AGREED AT THE SECOND PREPARATORY MEETING,
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 GENEVA 01867 02 OF 02 111949Z

ALTHOUGH POSSIBLY EXPANDED, AND LINKED TO SECRETARIAT
PAPER ON ELEMENTS OF A FUND.

7. US REP MET EARLIER WITH STEELE AND GAVE HIM AN
ADVANCE INDICATION OF OUR INTENDED PRESENTATION. HE
WAS CONSIDERABLY MORE CAUTIOUS IN HIS TALK WITH US
THAN HE APPEARED IN THE MEETING REPORTED ABOVE. HE
SAID THAT HE DID NOT CONSIDER IT POSSIBLE TO COME
DOWN IN FAVOR OF A GIVEN OPTION UNTIL "MUCH LATER
THIS YEAR", AND THAT AS HE CONCEIVED OF SCENARIO ON
COMMON FUND FOR INTERNATIONAL MEETINGS, THERE COULD
BE NO SIGNAL AT CURRENT MEETING, POSSIBLY AN AGREEMENT
"IN PRINCIPLE" ON A FUND AT CIEC, WITH HEAVY AND
HARD BARGAINING FOLLOWING ON WHICH OF THE OPTIONS AND
THEIR DETAILS THE DEVELOPED COUNTRIES MIGHT BE ABLE
TO ACCEPT. IT IS CLEAR THAT STEELE IS UNDER CONSIDERABLE
PRESSURE FROM THE DUTCH ON HIS LEFT AND THE GERMANS
ON HIS RIGHT; IN THIS CONNECTION HIS REMARKS SHOULD
BE CLOSELY HELD, SINCE THEY UNDOUBTEDLY DIVERGE FROM
THE VIEWS OF ANY INDIVIDUAL COMMUNITY MEMBER. WE
ALSO SKETCHED OUT TO HIM U.S. INTEREST IN HOLDING
A SERIES OF BI-LATERALS DURING THE MONTH WITH INDIVIDUAL
LDCS AT THEIR CAPITALS ON COMMODITY ISSUES IN AN EFFORT TO
INDICATE WHAT THE LARGER COMMODITIES PACKAGE LOOKED LIKE AND
THUS HOPEFULLY HEAD OFF ANY MOVE TOWARD CONFRONTATION
ON THE FUND ISSUE TOWARD THE END OF THE CURRENT
CONFERENCE. WE AGREED WE SHOULD CONTINUE TO COORDINATE
OUR POSITIONS AND TACTICS CLOSELY DURING THE CONFERENCE.

8. IT SHOULD ALSO BE NOTED THAT AFTER ABOVE GROUP B
DISCUSSION TOOK PLACE, GROUP B COORDINATOR (BARRASS)
HAS SINCE SUGGESTED IN GROUP B ON MARCH 11 THAT GROUP
MIGHT CONSIDER WHETHER IT WOULD BE POSSIBLE TO
AGREE ON A SET OF PRINCIPLES WHICH WOULD GOVERN THE OPERATION
OF ANY COMMON FUND. US REP HAS AGREED TO PARTICIPATE IN
THIS EXERCISE, BUT EXPRESSED SKEPTICISM ABOUT THE
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 GENEVA 01867 02 OF 02 111949Z

ABILITY OF GROUP B TO REACH ANY MEANINGFUL AGREEMENT
ON THIS SUBJECT WHICH COULD SERVE AS A BASIS FOR A
PRESENTATION, EITHER WRITTEN OR ORAL, AND REITERATED

OUR VIEW THAT FIRST PHASE SHOULD CONCENTRATE ON
CRITICALLY EXPLORING G-77/UNCTAD PROPOSAL FOR A FUND.
GENERAL BRIEF DISCUSSION OF THIS MARCH 11 SHOWED
POSSIBLE PRINCIPLES MOSTLY NEGATIVE (E.G., FUND
SHOULD NOT INTERVENE DIRDCTLY IN MARKETS), MANY OF
THESE UNACCEPTABLE TO DUTCH/SCANDANAVIAN WING, AND
EVEN SEEMINGLY HARMLESS PRINCIPLES CONTAIN IMPLICATIONS
WITH WHICH WE AND OTHERS IN GROUP WOULD HAVE CONSIDERABLE
DIFFICULTY -- E.G., IF IT IS STATED THAT FUND SHOULD
AIM AT THE STABILIZATION OF PRICES WITHIN LONG-TERM
LEVELS DICTATED BY SUPPLY AND DEMAN, THIS MAY
SUGGEST IT COULD DICTATE TO SOME DEGREE TERMS OF
INDIVIDUAL COMMODITY AGREEMENTS. THIS SUBJECT WILL
BE TAKEN UP AGAIN EARLY NEXT WEEK.

9. CABLE DRAFTED AFTER BOSWORTH'S DEPARTURE FROM
POST. CATTO

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FUND ALLOTMENT, INTERNATIONAL ORGANIZATIONS, DEVELOPMENT PROGRAMS, INTERGOVERNMENTAL COOPERATION, NEGOTIATIONS, MEETING REPORTS
Control Number: n/a
Copy: SINGLE
Sent Date: 11-Mar-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977GENEVA01867
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770084-1149
Format: TEL
From: GENEVA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770370/aaaacjjw.tel
Line Count: 241
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 3addbab9-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 09-Mar-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3141429
Secure: OPEN
Status: NATIVE
Subject: UN NEGOTIATING CONFERENCE ON A COMMON FUND: GROUP B DISCUSSION ON CONFERENCE STRATEGY
TAGS: EGEN, UNCTAD
To: STATE
Type: TE
vdkgvkey: odb://SAS/SAS.dbo.SAS_Docs/3addbab9-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009